
UTILYX LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2009



UTILYX LTD

COMPANY INFORMATION

DIRECTORS

C S Bowden - Chief Executive Officer
A H Shrager - Chairman, Non-executive
P R Ibbetson - Non-executive
P A Rushing - Non-executive

COMPANY NUMBER

3922833

REGISTERED OFFICE

35 Ballards Lane
London
N3 1XW

AUDITOR

Berg Kaprow Lewis LLP
Chartered Accountants & Registered Auditor
35 Ballards Lane
London
N3 1XW

UTILYX LTD

CONTENTS

	Page
Directors' Report	1 - 3
Independent Auditor's Report	4 - 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 19

UTILYX LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2009

The directors present their report and the financial statements for the year ended 31 May 2009

PRINCIPAL ACTIVITIES

Utilyx is a leading energy and climate change advisory and transaction management firm. It provides a wide range of services to a large and diversified client base that includes corporations, government bodies, developers and investors.

BUSINESS REVIEW

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size of our business and is written in the context of the risks and uncertainties we face.

By many measures 2008/9 was a challenging year as we were faced with the biggest upheaval in financial markets since the great depression of the 1930's. Nevertheless, the directors are pleased to report another year of solid growth with turnover rising around £1 million to £6.3 million. During the year the company continued to make investments in growing its operations in Northampton and expanding its activities in the renewable energy and carbon abatement area. Customer retention was excellent and we added a number of blue chip corporate customers. During the year we experienced record highs in most energy commodities and this has brought sharply back into focus the importance of managing energy costs.

The revenue growth from the last year was based on strong performance in three key areas: sales to new accounts, retention and increasing length of customer contracts to existing accounts, and targeted 'up sell' of new products to current customers. Risk Management Services continues to be our most significant product line representing just over half the company's total revenues.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover and EBITDA (earnings before interest, tax, depreciation and amortisation and share based incentive schemes). The company's EBITDA margin has improved by 61% during the year.

	2009 £'000	2008 £'000	Change %
Turnover	6,275	5,358	17%
EBITDA	916	487	88%
EBITDA as a percentage of turnover	15%	9%	61%

The strategy for the next year and beyond is to continue to focus on our three commercial principles of strong sales, retention and up sale. We will also be looking at expanding into Europe. Increasingly we are being asked to provide our services to customers in Europe and we will be considering the best way to take advantage of these opportunities. Although the outlook for 09/10 is challenging especially because many customers have taken advantage of the drop in price for energy commodities by buying further out, we remain positive about our ability to retain and acquire new customers. As such we are confident that we can continue to expand the business both in our core services and into the new areas of renewable energy and carbon abatement.

RESULTS

The profit for the year, after taxation, amounted to £596,053 (2008 - £295,179)

UTILYX LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2009

DIRECTORS

The directors who served during the year were

C S Bowden - Chief Executive Officer
A H Shrager - Chairman, Non-executive
P R Ibbetson - Non-executive
P A Rushing - Non-executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

AUDITOR

Under section 487 of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

UTILYX LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2009**

This report was approved by the board on 3 DECEMBER 2009 and signed on its behalf

A handwritten signature in black ink, appearing to read 'C. S. Bowden', followed by a long horizontal flourish.

C S Bowden - Chief Executive Officer
Director

UTILYX LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UTILYX LTD

We have audited the financial statements of Utilyx Ltd for the year ended 31 May 2009, set out on pages 6 to 19

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its profit, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UTILYX LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UTILYX LTD

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David Landau FCA (Senior Statutory Auditor)

for and on behalf of

BERG KAPROW LEWIS LLP

Chartered Accountants
Statutory Auditor

London

Date 26 February 2010

UTILYX LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	6,275,235	5,358,349
Cost of sales		<u>(379,674)</u>	<u>(304,271)</u>
GROSS PROFIT		5,895,561	5,054,078
Administrative expenses		<u>(5,136,478)</u>	<u>(4,754,222)</u>
OPERATING PROFIT	3	759,083	299,856
Interest receivable		1,223	3,276
Interest payable	8	<u>(58,046)</u>	<u>(110,673)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		702,260	192,459
Tax on profit on ordinary activities	9	<u>(106,207)</u>	<u>102,720</u>
PROFIT FOR THE FINANCIAL YEAR		<u>596,053</u>	<u>295,179</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and Loss Account

The notes on pages 8 to 19 form part of these financial statements

UTILYX LTD
REGISTERED NUMBER: 3922833

BALANCE SHEET
AS AT 31 MAY 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	10		146,352		141,548
CURRENT ASSETS					
Debtors amounts falling due after more than one year	11	810,753		642,584	
Debtors amounts falling due within one year	11	3,066,200		2,152,494	
Cash at bank and in hand		1,830		39	
		<u>3,878,783</u>		<u>2,795,117</u>	
CREDITORS: amounts falling due within one year	12	<u>(2,371,451)</u>		<u>(2,048,995)</u>	
NET CURRENT ASSETS			<u>1,507,332</u>		<u>746,122</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,653,684</u>		<u>887,670</u>
CREDITORS: amounts falling due after more than one year	13		<u>(177,941)</u>		<u>(32,174)</u>
NET ASSETS			<u><u>1,475,743</u></u>		<u><u>855,496</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		21,100		21,100
Share premium account	16		4,301,894		4,301,894
Profit and loss account	16		<u>(2,847,251)</u>		<u>(3,467,498)</u>
SHAREHOLDERS' FUNDS	17		<u><u>1,475,743</u></u>		<u><u>855,496</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

3 December 2009



C S Bowden - Chief Executive Officer
Director



P R Ibbetson - Non-executive
Director

The notes on pages 8 to 19 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009**

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 TURNOVER AND REVENUE RECOGNITION

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax

For fixed price fixed term energy supply contracts, the company recognises revenue by reference to the commencement of the underlying energy supply contract. Fees are generated on an annual basis but the underlying energy supply contracts may be for any period from a few months up to several years

For energy supply contracts of one year or less, the full fee generated from the transaction is recognised as revenue in the year in which the contract commences but, for multiple year contracts, revenue is recognised on an annual basis on the anniversary of the contract commencement date

For energy supply contracts where Utilyx has an ongoing responsibility buying energy for clients in the open market, revenue is recognised evenly over the estimated period that Utilyx will undertake this service, subject to an initial proportion of the fee being taken at the outset to recognise the consultancy services provided at the start of contracts of this nature. This initial proportion is recognised as soon as the consultancy services to which it relates are substantially complete. The balance of the income of the contract is recognised evenly over the period when Utilyx manage the exposure

For certain contracts with electricity generators, Utilyx takes responsibility for finding a buyer for the electricity in advance. Utilyx receives a fixed fee and/or a share of future revenue from the supply of that electricity. Revenue is recognised when Utilyx has both found a buyer and also obtained agreement from the electricity generator. This revenue is initially estimated, but is revised in later years as necessary. The future revenue is discounted where relevant. Any change during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the profit and loss account as interest receivable

Any performance related fees are recognised when they are certain

Fees for consultancy and similar work are recognised when the work is performed

1.3 DEVELOPMENT COSTS

Development expenditure is written off to the profit and loss account in the year in which it is incurred

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009**

1 ACCOUNTING POLICIES (continued)

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	straight line over the life of the lease
Plant and machinery	-	straight line over 3 years
Fixtures and fittings	-	straight line over 3 years

1.5 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 OPERATING LEASES

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

1. ACCOUNTING POLICIES (continued)

1 8 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

1 9 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

1 10 SHARE INCENTIVE SCHEMES

The company operates several equity-settled, share-based compensation schemes. The fair value of the employee services received in exchange for the grant of the options in the ultimate parent undertaking, Utilyx Holdings Limited, is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance sheet date, a revised estimate is made of the number of options that are expected to become exercisable. If the revised estimate differs from the original estimate, the charge to the profit and loss account is adjusted over the remaining vesting period of the options.

2 TURNOVER

All turnover arose within the United Kingdom

3 OPERATING PROFIT

The operating profit is stated after charging

	2009	2008
	£	£
Depreciation of tangible fixed assets		
- owned by the company	96,493	59,044
- held under finance leases	14,323	22,604
Operating lease rentals		
- other operating leases	138,129	111,185
Difference on foreign exchange	7,240	1,970
Research and development expenditure written off	-	4,155
Share-based payments	24,194	105,378
	<u>24,194</u>	<u>105,378</u>

UTILYX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009**

4. AUDITORS' REMUNERATION

	2009	2008
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	19,000	19,000
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company pursuant to legislation	7,000	6,500
Other services relating to taxation	10,000	30,114
All other services	52,096	21,710
	<u>79,096</u>	<u>60,824</u>

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009	2008
	£	£
Wages and salaries	2,975,773	2,784,758
Social security costs	326,792	320,976
Other pension costs	84,821	38,782
	<u>3,387,386</u>	<u>3,144,516</u>

The average monthly number of employees, including the directors, during the year was as follows

	2009	2008
	No.	No
Directors (excluding non-executive directors but including directors of the ultimate holding company who are remunerated by Utilyx Ltd)	2	3
Management and administration	52	52
	<u>54</u>	<u>55</u>

6 DIRECTORS' REMUNERATION

	2009	2008
	£	£
Emoluments	356,826	183,233
	<u>356,826</u>	<u>183,233</u>

The highest paid director received remuneration of £291,818 (2008 - £118,233)

During the year, three directors participated in the employee and management share option plans (note 7)

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

7 SHARE-BASED PAYMENTS

During the year the ultimate parent had three employee and management share option plans in place to which FRS 20 (share-based payments) is applicable

Details of these plans are as follows

	Plan 1	Plan 2	Plan 3
Exercise price £0.01	107,749	275,542	-
Exercise price £2.50	-	-	10,000
Exercise price £3.00	-	-	26,764
Total	107,749	275,542	36,764
Options were granted between and	01/06/2005 28/03/2008	21/06/2006 26/01/2008	01/06/2005 31/03/2008
Earliest vesting dates are between and	01/08/2006 01/06/2009	26/01/2008 31/05/2011	01/06/2006 01/06/2011
Options expire between and	01/08/2006 25/01/2018	31/05/2008 31/05/2013	30/09/2007 01/06/2014

Only Plan 2 above has any performance criteria, the performance condition being based upon achieving a share price within a specified range

The estimated fair value was calculated by applying a binomial model. The key inputs to this model were

- share price at date of grant £2.50 to £3.00 (dependent on date of grant),
- expected volatility of 10% to 15% (different estimates being used for options issued in different years),
- no expected dividends,
- a risk free interest rate equal to the yield on a zero coupon government security at grant date

To allow for the effects of early exercise, it was assumed that the employees would exercise the options after vesting date when the share price was twice the exercise price

The charge for the year was £24,194 (2008: 105,378). The charge is treated as an expense in this company's figures as the relevant option holders are employees of this company.

The group has further share options which were granted and vested before the implementation date of FRS 20.

UTILYX LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009**

8 INTEREST PAYABLE

	2009	2008
	£	£
On bank loans and overdrafts	38,344	108,032
On other loans	7,500	-
On finance leases and hire purchase contracts	12,202	2,641
	<u>58,046</u>	<u>110,673</u>

9 TAXATION

	2009	2008
	£	£
ANALYSIS OF TAX CHARGE/(CREDIT) IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge/(credit) on profit for the year	207	(18,720)
DEFERRED TAX		
Origination and reversal of timing differences	201,000	(84,000)
Decrease in discount	(95,000)	-
TOTAL DEFERRED TAX (see note 14)	<u>106,000</u>	<u>(84,000)</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>106,207</u>	<u>(102,720)</u>

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

9. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	702,260	192,459
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 29.67%)	196,633	57,103
EFFECTS OF		
Expenses not deductible for tax purposes	16,687	48,333
Depreciation for year in excess of capital allowances	9,033	930
Utilisation of tax losses	(220,786)	915
Adjustments to tax charge in respect of prior periods	-	(18,720)
Other short term timing differences	(1,292)	2,317
Tax losses not yet recoverable	-	61,390
Effect of prior year adjustment	-	(170,988)
Other adjustments	(68)	-
CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR (see note above)	207	(18,720)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The discounted future value of the tax losses and other timing differences is shown in note 14

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

10. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Furniture, fittings and equipment £	Total £
COST				
At 1 June 2008	126,320	612,275	104,519	843,114
Additions	-	126,977	11,781	138,758
Disposals	-	(83,820)	-	(83,820)
At 31 May 2009	126,320	655,432	116,300	898,052
DEPRECIATION				
At 1 June 2008	126,320	501,657	73,589	701,566
Charge for the year	-	93,134	17,682	110,816
On disposals	-	(60,682)	-	(60,682)
At 31 May 2009	126,320	534,109	91,271	751,700
NET BOOK VALUE				
At 31 May 2009	-	121,323	25,029	146,352
At 31 May 2008	-	110,618	30,930	141,548

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2009 £	2008 £
Plant and machinery	69,534	26,306

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

11 DEBTORS

	2009 £	2008 £
DUE AFTER MORE THAN ONE YEAR		
Other debtors	131,900	66,957
Prepayments and accrued income	422,853	107,627
Deferred tax asset (see note 14)	256,000	468,000
	<u>810,753</u>	<u>642,584</u>
	2009 £	2008 £
DUE WITHIN ONE YEAR		
Trade debtors	1,170,011	769,694
Amounts owed by group undertakings	179,646	224,543
Other debtors	159	52,472
Prepayments and accrued income	1,467,384	962,785
Deferred tax asset (see note 14)	249,000	143,000
	<u>3,066,200</u>	<u>2,152,494</u>

12 CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans and overdrafts	789,594	814,786
Net obligations under finance leases and hire purchase contracts	32,876	24,320
Trade creditors	310,705	337,601
Amounts owed to group undertakings	51,814	-
Corporation tax	6,457	2,750
Social security and other taxes	277,030	202,399
Other creditors	52,302	9,010
Accruals and deferred income	850,673	658,129
	<u>2,371,451</u>	<u>2,048,995</u>

The bank overdraft is secured by a debenture over the fixed and current assets of the company, a fixed charge over the intellectual property rights and with a fixed charge over the company's book debts

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

13 CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	39,950	6,424
Accruals and deferred income	137,991	25,750
	<u>177,941</u>	<u>32,174</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2009 £	2008 £
Between one and five years	<u>39,950</u>	<u>6,424</u>

14 DEFERRED TAX ASSET

	2009 £	2008 £
At beginning of year	611,000	527,000
(Decrease)/increase during the year	(106,000)	84,000
At end of year	<u>505,000</u>	<u>611,000</u>

The deferred tax asset is made up as follows

	2009 £	2008 £
Accelerated capital allowances	17,000	8,000
Tax losses carried forward	566,000	775,000
Short term timing differences	1,000	2,000
Undiscounted provision for deferred tax	<u>584,000</u>	<u>785,000</u>
Discount	(79,000)	(174,000)
Discounted provision for deferred tax	<u>505,000</u>	<u>611,000</u>

15 SHARE CAPITAL

	2009 £	2008 £
ALLOTTED, CALLED UP AND FULLY PAID		
2,109,961 Ordinary shares of 1p each	<u>21,100</u>	<u>21,100</u>

UTILYX LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

16 RESERVES

	Share premium account £	Profit and loss account £
At 1 June 2008	4,301,894	(3,467,498)
Profit for the year		596,053
Share based payments		24,194
At 31 May 2009	<u>4,301,894</u>	<u>(2,847,251)</u>

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	855,496	454,939
Profit for the year	596,053	295,179
Share based payments	24,194	105,378
Closing shareholders' funds	<u>1,475,743</u>	<u>855,496</u>

18. CONTINGENT LIABILITIES

The company has entered into leases under which it is liable to pay for dilapidations to the premises on their vacation. The directors are not able to reliably estimate any future liability arising for this, so have not provided for it in the financial statements.

19 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company and amounted to £84,821 (2008 £38,782). Contributions totaling £3,195 (2008 £7,810) were payable to the fund at the year end and are included in creditors.

20 OPERATING LEASE COMMITMENTS

At 31 May 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2009 £	2008 £
EXPIRY DATE.		
Between 2 and 5 years	<u>140,520</u>	<u>124,180</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009**

21. TRANSACTIONS WITH DIRECTORS

C S Bowden had an unsecured loan from the company during the year. The opening balance was £33,536 (2008 £41,000), the closing balance was £30,000 (2008 £33,536) and the maximum amount outstanding during the year was £48,000 (2008 £41,000). The interest charged on the loan was 7.5% p.a. up to 31 December 2008, and LIBOR plus 3% p.a. after that date. It is repayable on 31 December 2011 or, if earlier, on the termination of office or on the change of control of the company.

C S Bowden and J S Stokes (a director of Utiylx Holdings Ltd, the ultimate parent undertaking) have given a joint personal guarantee of £150,000 to Bank of Ireland in respect of corporate facilities.

In addition, C S Bowden has provided as security to the bank an assignment of a life policy in the sum of £500,000.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from the requirement to disclose transactions with group undertakings on the grounds that consolidated financial statements are prepared by Utiylx Holdings Ltd, the ultimate parent undertaking.

Fees of £20,000 were payable to F Herve for his services as a non-executive director of Utiylx Holdings Ltd (2008 £20,000).

Included within other debtors is £25,000 due from J S Stokes, a director of Utiylx Holdings Ltd (2008 £nil).

Included within creditors are the following amounts:

- £28,814 (included within trade creditors) due to Hillsilk Ltd, a company in which A H Shrager, a director of the company, has an interest (2008 £nil),
- £23,262 (included within trade creditors) due to F Herve, a director of Utiylx Holdings Ltd (2008 £23,152),
- £20,000 (included within accruals) due to P A Rushing, a director of the company (2008 £20,000), and
- £22,500 (included within accruals) due to P R Ibbetson, a director of the company (2008 £20,000).

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Utiylx Broking Ltd, a company registered in England and Wales.

The ultimate parent undertaking is Utiylx Holdings Limited, a company registered in England and Wales. Utiylx Holdings Limited prepares group financial statements and copies can be obtained from the Registered Office at 35 Ballards Lane, London, N3 1XW.